"THE TERM WEALTH IN ECONOMIC SCIENCE—A STUDY IN ECONOMIC THEORY."

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The scientific spirit of the age demands that the fundamental conceptions of economic science be settled.

The obscurity attaching to the term wealth, as defined and used by economic writers, is owing to the failure to analyze correctly the popular notion.

We find that the term wealth is popularly used for two distinct conceptions, namely: (1) for concrete articles of value, and (2) for a quantum of exchange value expressible in dollars and cents. This inconsistency has become absorbed into the works of economic writers. They *define* wealth, generally, as comprising concrete articles of value, and then *use* the term to signify an abstract quantum of value.

There is an explanation for this apparent inconsistency. What appears to be an inconsistency is only an instructive leaf of history. While the term wealth has remained constant, the conception, which it represents, has been constantly changing with the development of industrial society. We then trace the evolution of the wealth conception. We show that the conception of wealth, which the current definitions define, belongs to an earlier period of economic development, when each business establishment was an economic unit, independent of every other, organized to produce simply those things which were to be used in the business or consumed by the personnel of the establishment; that the process of social differentiation, which has rendered the

structure of industrial society organic, has wrought a change in the conception of wealth; that the term wealth, to-day, signifies no longer concrete articles, but a quantum of exchange value.

Two corollaries follow from this analysis—

First, the whole question of production is relative to the period of economic development. When wealth signified concrete articles, all labor aimed to add to the existing list of valuable articles and was, therefore, productive. When, through the process of social differentiation, there came into existence the commercial class, the army and navy, the legislator, judge, and officer of justice, these classes, in view of the old conception of wealth, however useful and important they might be, were regarded as *unproductive*. They créated no new concrete articles. Economists have attempted to prove the contrary; but their logic is faulty. Only on the basis of the organic conception of wealth as a quantum of exchange value, can it be proved to the satisfaction of the logical mind, that all labor is productive.

Secondly, there has been a change in the relation of wealth to property. Formerly, the same concrete articles were both wealth and property to their owner. They were wealth, so far as they had a bearing on his economic condition; they were property, so far as reference was had to his right of control over them. Now that wealth signifies a quantum of exchange value, the relation of wealth to property is not so close as formerly. It is not even necessary that a person's property comprise the concrete articles in which his wealth is invested.

Discussion.

Professor Edward W. Bemis: I came in late, and heard only the last paper. Two questions occurred to me that I want to submit. I judge that the last paper took the position that wealth consists only in exchange value. Perhaps I was mistaken, but that was my inference. Professor Marshall analyzed that subject in a way somewhat different, and one that I like a little better, when he included in wealth some things that are not exchangeable, for instance public property, public buildings, streets, etc. He classes as wealth all things, practically, that are difficult to get and are desirable, and I think that the conception of wealth should be broadened a little so as to take in public property. Again, exchange, as I understood it, does not increase the value, but merely secures an embodiment of it in the form desired by the purchaser. I think that the very desire to secure the embodiment in some particular form is a factor in determining its exchange value. In Schönberg's "Handbuch der Politischen Oekonomie" the remark is made that when two men make an exchange they both think they gain, or they would not exchange, and that, therefore, society is richer than it was before. That point may not be well taken, but I have always thought there was some force in it.

The Ethical Principle in Industrial Relations.

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Justice and grace are the fundamental principles of the universe. The State is the institution of society whose province is the expression of justice.